

ORIGINAL



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SALLQUIST, DRUMMOND & O'CONNOR

ATTORNEYS AT LAW

TEMPE OFFICE

4500 S. LAKESHORE DRIVE

SUITE 339

TEMPE, ARIZONA 85282

2008 MAR 14 P 2:03

AZ CORP COMMISSION  
DOCKET CONTROL

RICHARD L. SALLQUIST

PHONE (480) 839-5202  
FACSIMILE (480) 345-0412  
E-MAIL [dick@sd-law.com](mailto:dick@sd-law.com)

March 14, 2008

**HAND DELIVERY**

Ernest Johnson  
Arizona Corporation Commission  
Utilities Division  
1200 W. Washington  
Phoenix, AZ 85007

Re: Valley Utilities Water Company; Docket No W-01412A-07-0560 and Docket No W-01412A-07-0561; Decision No. 70138; Compliance Filing

Dear Mr. Johnson:

The subject Decision, among other things, requires the Company to file the executed WIFA loan document, provide a Staff approved form of Notice to customers pertaining to the Well Surcharge, and post a \$1,500 bond before implementation of the approved Surcharge.

Attached hereto please find a copy of the WIFA Loan Agreement, including the first disbursement request, and the original Affidavit of Mailing.

Also enclosed are the original of the Company's Check No. 6107, dated March 13, 2008, in the amount of \$1,500.00 for the Bond. The Company could not obtain in a timely fashion a "sight draft" from its Bank, nor locate any insurance company that would write the small bond required. The Company believes this check, which can be held or cashed by the Commission at its option, meets the requirement of the Decision.

In the event you have any questions regarding these matters please do not hesitate to contact the undersigned.

Sincerely,

Richard L. Sallquist

Enclosures

Arizona Corporation Commission  
**DOCKETED**

MAR 14 2008

DOCKETED BY	nr
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Ernest Johnson  
March 14, 2008  
Page 2

cc: Docket Control (with 15 copies of enclosures)  
Hearing Division (with enclosures)  
Utilities Division (with enclosures)  
Legal Division (with enclosures)  
Bob Prince (with enclosures)  
Tom Bourassa (with enclosures)

VALLEY UTILITIES WATER CO. INC.

6808 N. DYSART RD., STE. 112  
GLENDALE, AZ 85307  
(623) 935-1100

CHASE   
JPMorgan Chase Bank, N.A.  
Phoenix, Arizona 85073

6107

91-2/1221

3/13/2008

PAY  
TO THE  
ORDER OF ARIZONA CORPORATION COMMISSION

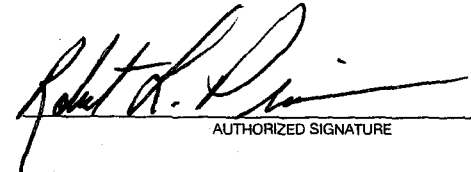
\$ \*\*1,500.00

One Thousand Five Hundred and 00/100\*\*\*\*\*

DOLLARS

MEMO

Bond for WIFA Well Loan

  
AUTHORIZED SIGNATURE

⑈006107⑈

**Loan Agreement**

between

**Water Infrastructure Finance Authority of Arizona**  
(the "Authority")

and

**Valley Utilities Water Company, Inc.**  
(the "Local Borrower")

Evidencing a Loan from the  
Authority to the Local Borrower

Dated as of December 21, 2007

## WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA LOAN AGREEMENT

This Loan Agreement (as it may be amended or supplemented from time to time, this "Agreement") is made and entered into as of the date set forth below by and between Borrower and Lender set forth below.

This Loan Agreement includes the attached Exhibits and Continuing Security Agreement. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits and Continuing Security Agreement.

### **Section 1. Party Names And Addresses.**

Borrower:	Valley Utilities Water Company, Inc.
Borrower Mailing Address:	6808 North Dysart Rd. Ste 112 Glendale, Arizona 85307 623-935-1100 623-935-7321
Attention:	Robert L. Prince, President
Borrower Business Office Address:	6808 North Dysart Rd., Ste.112 Glendale, Arizona 85307
Lender:	Water Infrastructure Finance Authority of Arizona
Lender Address:	1110 West Washington Street, Suite 290 Phoenix, Arizona 85007
Attention:	Executive Director

**Section 2. Loan Information.** The terms of the Loan include the terms set forth in the Exhibits and Continuing Security Agreement, which are part of this Agreement:

Exhibit A	Financial Assistance Terms and Conditions
Exhibit B	Technical Terms and Conditions
Exhibit C	Reporting Requirements
Exhibit E	Limits on Additional Indebtedness without Lender Consent
Exhibit F	Form of Promissory Note

**Section 3. The Loan.** Subject to the terms and conditions of this Agreement, Lender agrees to make the Loan to Borrower by means of one or more advances ("Advances") in an aggregate principal amount not to exceed the Loan Amount (the "Commitment"). The unadvanced portion of the Commitment shall expire on but not include the earliest of (i) the date on which the Loan

has been fully advanced by Lender, or (ii) the first Principal Repayment Date set forth in the Exhibit A. The obligation of Borrower to repay the Loan is evidenced by the Promissory Note in the form attached hereto as Exhibit F, dated of even date herewith, of Borrower payable to Lender, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time (the "Note"). In the event of a conflict between the Note and this Agreement, the terms of this Agreement shall be deemed controlling. The Loan shall not constitute a revolving loan, and amounts repaid may not be reborrowed.

The parties agree that full repayment of the loan is initially scheduled to occur within not more than twelve months from the date of the loan in recognition of the provisions of the Arizona Revised Statutes that provide that the Borrower may not issue evidences of indebtedness payable at periods of more than twelve months except when authorized by an order of the Arizona Corporation Commission (the "ACC"). The Borrower agrees to use its best efforts to obtain an order of the ACC authorizing this loan to be payable over a term of 20 years, and if, but only if, authorized by an order of the ACC, the unpaid principal of this loan shall become payable from the date of the authorizing ACC order in equal monthly payments of principal and interest over a term of 20 years with interest at the rate of six and four tenths of one percent (6.4%) per annum in accordance with a payment schedule prepared by the Lender and delivered to the Borrower. The Borrower agrees to execute and deliver to the Lender any additional agreements and documents as the Lender shall request to evidence and confirm the conversion of the loan to a 20 year term. If and to the extent that it is determined by a court of competent jurisdiction or by the ACC that inclusion of this paragraph in this loan agreement violates the provisions of law referred to above, then this paragraph shall be deemed stricken and this loan agreement shall be construed as if this paragraph were not included.

**Section 4. Advances.** Lender may disburse funds by check, by electronic means or by means of magnetic tape or other transfer medium. In making Advances, Lender shall be entitled to rely upon, and shall incur no liability to Borrower in acting upon, any request made by a person identifying himself or herself as one of the persons authorized by Borrower to request Advances. Advances of the Loan will be made only upon satisfaction of the conditions set forth in this Agreement, including the following:

(a) Lender has received a draw request from Borrower, in form and substance satisfactory to Lender, not less than ten (10) days prior to the date for which such Advance is requested, specifying the amount and purpose of the Advance requested. Lender will furnish an acceptable form of draw request to Borrower. Lender may revise the form of draw request from time to time.

(b) Except as hereinafter provided, disbursements shall be made only upon certification of an authorized officer of Lender that such disbursement is proper. An authorized officer of Lender shall approve disbursements in payment of the invoices, demands for payment, approved contractors' estimates or other evidence of cost incurrence directly to the persons or entities entitled to payment or to Borrower in the case of reimbursement for costs of services already paid, and shall provide Borrower with a copy of the approval and the date approved.

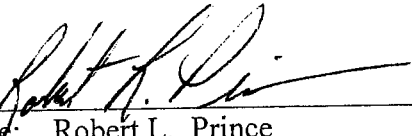
(c) Lender has received such other items or documents as Lender may reasonably require.

**Section 5. Payment Of Principal, Interest And Fees.** The outstanding principal balance of the Loan, together with all unpaid accrued interest due under the Note, shall be paid by "automatic debit" from the Borrower Deposit Account. The Borrower Deposit Account shall be a Demand Deposit Account in the name of the Borrower, Account Number \_\_\_\_\_ [to be determined by 5/30/2008] maintained with Chase Bank. Borrower shall cause monthly payments to be made by direct debit to the Lender in accordance with routing instructions within Exhibit A.

IN WITNESS WHEREOF, the Authority and Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hererof.

DATED as of December 21, 2007.

Valley Utilities Water Company, Inc.

By:   
Name: Robert L. Prince  
Title: President

Water Infrastructure Finance Authority of Arizona

By:   
Executive Director


**Water Infrastructure Finance Authority Requisition 1, Page 1 of 4**  
**Certifications & Signatures**  
**Valley Utilities Water Company, Inc.**  
**920131-07**

This disbursement request is made in accordance with the Loan Agreement between the Water Infrastructure Finance Authority and the Borrower.

**Borrower Certifications**

The Borrower hereby states as follows:

1. The amount requested is a proper cost of the project, which is unpaid or unreimbursed and which has not been the basis of any previous request.
2. The materials, equipment, labor or services represented by this request have been satisfactorily purchased, performed, or received and applied to the project and under the terms and provisions of the contracts related to the project, the Borrower is required to make such payments.
3. As of the date of this request, there does not exist any Event of Default under the Loan Agreement nor any condition which, with the passage of time, would constitute an Event of Default thereunder.
4. The undersigned are dully authorized to submit this disbursement request.

By 

Dated 3-10-08

By \_\_\_\_\_

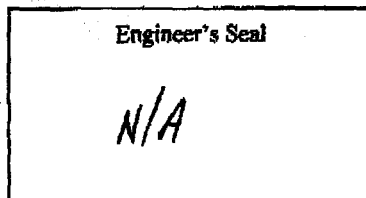
Dated \_\_\_\_\_

**Engineer Certifications**

The Engineer certifies that the amounts requested constitute proper costs of the project; that the materials, equipment, labor, and services represented by the invoices have been satisfactorily purchased, received, and applied to the project in accordance with contract documents; that payment is in accordance with the contract provisions and that the construction, to date, complies with the contract documents. This certification is not applicable to administrative costs.

By \_\_\_\_\_

Dated \_\_\_\_\_



Title \_\_\_\_\_

Firm \_\_\_\_\_

**Approvals by the Water Infrastructure Finance Authority**

By \_\_\_\_\_  
Controller

Date \_\_\_\_\_

By \_\_\_\_\_  
Environmental Program Specialist

Date \_\_\_\_\_



**Water Infrastructure Finance Authority Requisition 1, Page 2 of 4**  
**Cost Incurred Report and Disbursement Request**  
**Valley Utilities Water Company, Inc.**  
**920131-07**

**Type of Request:** ☐ Final ☐ Partial

**Period Covered:** from (m/d/y) to (m/d/y)

**Borrower Contact & Address:**

Valley Utilities Water Company, Inc.  
 6808 North Dysart Rd, Suite 112  
 Glendale, Arizona 85307

Contact: Robert L. Prince  
 Phone #: (623) 935-1100  
 FAX #: (623) 935-7321

**Wire Transfer Instructions (Optional):**

**Bank Name:**

**Bank ABA Number:**

**Account Number:**

**Attention:**

**Phone #:**

*Attach statements, invoices, or other proof that the amount requested below is currently due or has been advanced by the Borrower.*

Request by Budget Item (1)	Budget as per Loan (2)	Previously Disbursed (3)	This Request (4)	Total To Date (5) = (4) + (3)	Total as % of Budget (6) = (5) / (2)
Planning	0.00				%
Design & Engineering	0.00				%
Legal/Debt Authorization	0.00				%
Financial Advisor	0.00				%
Land/System Acquisition	0.00				%
Equipment/Materials	0.00				%
Construction/Installation/ Improvement	250,000.00	-0-	60,708. <sup>00</sup>	60,708. <sup>00</sup>	24 %
Inspection & Construction Management	0.00				%
Project Officer	0.00				%
Administration	0.00				%
Staff Training	0.00				%
Capitalized Interest	0.00				%
Other	0.00				%
Total Requested	250,000.00	-0-	60,708	60,708. <sup>00</sup>	24 %

**Water Infrastructure Finance Authority Requisition 1, Page 3 of 4**  
**MBE/WBE/SBRA Report**  
**Valley Utilities Water Company, Inc.**  
**920131-07**

**Reporting Requirements** (data entered in Columns A and B in the table below)

- Report on any procurement related to this disbursement request. "Procurement" means the acquisition through order, purchase, lease or barter of supplies, equipment, construction, or other services.
- Within Column A of the table below, report on any contractor, subcontractor, or vendor that provided goods or services related to this disbursement request.
- The total amount entered at the bottom of Column B must total the amount requested on page 2 of this request.

**Product/Service Codes** (codes for Column C in the table below)

3 = Construction      4 = Manufacturing      5 = Transportation      6 = Supplies & Equipment, Wholesale  
 7 = Supplies & Equipment, Retail      9a = Business Services      9b = Professionals Services  
 9c = Other Services      10 = Other/Misc

**Definitions** (definitions for terms in Columns D, E, and F in the table below)

- **MBE - Minority Business Enterprise:** A business concern that is at least 51% owned by one or more minority individuals and whose daily business operations are managed and directed by one or more of the minority owners.
- **WBE - Women Business Enterprise:** A business concern that is at least 51% owned by one or more women and whose daily business operations are managed and directed by one or more of the women owners.
- **SBRA - Small business in a Rural Area:** A business concern that is physically located outside any standard metropolitan statistical area.

**Disbursement Request by Contractor/Subcontractor/Vendor**

Contractor/Subcontractor/Vendor Name & Address (A)	\$ Amount (B)	Product/ Service Code (See Codes above) (C)	MBE (D)	WBE (E)	SBRA (F)
Weber Group, L. C.	60,708. <sup>00</sup>	3			
Total of Column B must equal request on Page 2, Column 4 of this Requisition		60,708. <sup>00</sup>			

**Water Infrastructure Finance Authority Requisition 1, Page 4 of 4**  
**Project Status Report**  
**Valley Utilities Water Company, Inc.**  
**920131-07**

**Section 1: Overall Project Progress**

1. Describe work completed since previous requisition:

*Rig has been mobilized, conductor pipe set and casing delivered.*

2. Delays or Stop Work Notices? (select one) ☒ No ☐ Yes (If yes, explain)

3. Change Orders? (select one) ☒ No ☐ Yes (If yes, explain)

4. Is the project on schedule with the project design? (select one) ☒ Yes ☐ No (If No, explain)

5. Have you contacted WIFA for required observations? ☒ Yes ☐ No (If No, explain)

*Visits can be made at any time.*

**Section 2: Materials or Equipment**

1. Did you request loan proceeds on Page 2 of this Requisition for equipment or materials?

☐ No ☒ Yes (If yes, describe equipment or materials.)

*Casing.*

2. Is project progress affected by a lack of equipment or materials? ☒ No ☐ Yes (If yes, explain.)

3. Will you request equipment or materials on the next Requisition? ☒ No ☐ Yes (If yes, describe equipment or materials.)

Sold To: VALLEY UTILITIES WATER CO, INC  
ATTN: BOB PRINCE  
8808 N. DYSART RD., # 112  
GLENDALE, AZ 85307

Date: 03/07/08  
Job Number: 7311-000  
Completion Date: PAY REQUEST # 1  
Salesperson: GREG SIMPSON  
Terms: NET 30 DAYS  
Customer PO: BOB PRINCE  
Sales Tax Code: AZ MAR

Description: WELL #6

DESCRIPTION	SALES CD	TX	QUANTITY	PRICE	AMOUNT
WELL # 6 - REPLACEMENT DRILL REPLACEMENT WELL:					
PER ATTACHED PAY REQUEST # 1	GO	TX	1.00	58,320.00	58,320.00

Net Invoice:	58,320.00
Sales Tax:	2,388.20
Invoice Total:	60,708.20

Richard L. Sallquist (002677)  
SALLQUIST & DRUMMOND, P.C.  
4500 S. Lakeshore Drive, Suite 339  
Tempe, Arizona 85282  
Telephone: (480) 839-5202  
Fax: (480) 345-0412  
Attorneys for Valley Utilities Water Company, Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION )  
OF VALLEY UTILITIES WATER ) DOCKET NO. W-01412A-07-560  
COMPANY, INC. FOR AN EMERGENCY )  
RATE INCREASE AND AUTHORITY TO )  
IMMEDIATELY IMPLEMENT A WELL )  
SURCHARGE. )

IN THE MATTER OF THE APPLICATION ) DOCKET NO. W-1412A-07-0561  
OF VALLEY UTILITIES WATER )  
COMPANY, INC. FOR AUTHORITY TO )  
ISSUE ADDITIONAL COMMON STOCK. )

**AFFIDAVIT OF MAILING**

STATE OF ARIZONA )  
 )ss  
County of Maricopa )

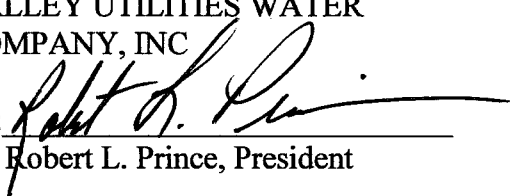
1. I am Robert L. Prince, President of Valley Utilities Water Company, Inc. My business address is 6808 N. Dysart Road, Glendale, Arizona 85307.

2. On March 13, 2008, I caused the Staff approved form Notice attached hereto as Attachment 1 and incorporated herein by reference for all purposes, to be mailed by first class mail, postage prepaid, to all customers of record of the Company.

3. Further affiant sayeth naught.

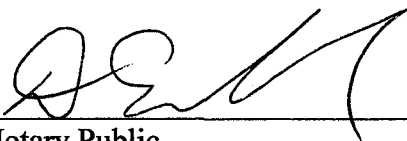
DATED this 13<sup>th</sup> day of March, 2008.

VALLEY UTILITIES WATER  
COMPANY, INC

By:   
Robert L. Prince, President

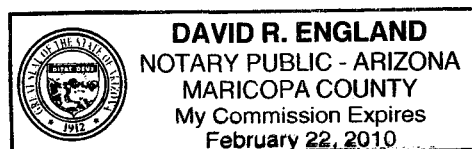
1 The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of March, 2008, by

2 Robert L. Prince.

3  
4   
5 Notary Public

6 My Commission Expires:

7 2/22/2010



9 Original and ten copies of the  
10 foregoing filed this 14<sup>th</sup> day  
11 of March, 2008:

12 Docket Control  
13 Arizona Corporation Commission  
14 1200 West Washington  
15 Phoenix, Arizona 85007

16 Copies of the foregoing Hand Delivered this 14<sup>th</sup>  
17 day of March, 2008 to:

18 Hearing Division  
19 Arizona Corporation Commission  
20 1200 West Washington  
21 Phoenix, Arizona 85007

22 Legal Division  
23 Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

